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SUBJECT: ECUADOR LABOR UPDATE

REF: 04 QUITO 3153

[1](#)1. Summary: Following are recent labor-related developments of interest:

- President Calls Meeting to Discuss Labor Reform (para. 2)
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President Calls Meeting to Discuss Labor Reform  
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[1](#)2. According to union leader Jose Chavez of CEOSL, Ecuador's largest labor confederation, President Gutierrez called a meeting on January 5 to discuss labor reform issues. According to Chavez, who was present at the meeting, Minister of Labor Raul Izurieta said he is in contact with a labor reform expert from the International Labor Organization (ILO) who is working on a labor reform proposal. It was not clear whether this reform proposal would include freedom of association issues. Izurieta also announced that he would be holding workshops to further labor reform. The first meeting, scheduled for late January, would include a negotiation expert from the ILO, who would coach business and union leaders on negotiation skills. At the second meeting, business and union leaders would negotiate a labor reform package, using the ILO labor reform expert's proposal as a starting point.

[1](#)3. Izurieta has publicly declared that in 2005 he intends to propose reforms to Congress addressing company retirement, length of strikes, and profit sharing. Izurieta also said to the press that a Presidential decree regulating hourly work will be signed in early January. The decree will dictate that employers pay Social Security for these workers. The Minister has told us he is developing a 12-point plan for reform that he has not made public.

Minimum Wage Negotiations  
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[1](#)4. Union and business leaders began meeting on December 30 to discuss raising the minimum wage. By law, the minimum wage must be raised a minimum of \$8 this year, from \$135.62 to \$143.62 to account for various adjustments related to salary unification. The minimum wage may also be adjusted to compensate for inflation, which would suggest an added increase of \$2.87. Union leaders, however, want the minimum wage to be raised to equal the cost of the poverty-rate family basket of goods which is \$272.54. If union and business leaders do not reach a compromise on the minimum wage issue, the Minister of Labor will make the final decision.

Subcontracting Decree Deadline Extended  
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[1](#)5. The Ministry of Labor has announced that the deadline for subcontracting companies to register with the Ministry has been extended from December 31, 2004 to July 31. Izurieta told LabOff on January 5 that while the deadline to register had been extended, companies must comply with the decree even if they are not registered. Minister Izurieta said the deadline was extended because companies needed to change their statutes before they could register. The AFL-CIO Solidarity Center believes this is because the majority of subcontracting companies were phantom companies. According to the press, the Ministry will be sending out 150 labor inspectors to begin inspections of the 3,000 subcontracting companies beginning this month.

Government Lay Offs  
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[1](#)6. According to press, to begin implementation of the Civil Service and Administrative Career Law, 5,000 government workers will be laid off in early 2005. These workers will be offered leave packages of up to \$20,000 (financed by the Inter-American Development Bank). Minister Izurieta has told

press that those who are currently overpaid will be the first to be laid off.

#### Minister Claims Success

17. Minister of Labor Raul Izurieta claimed to the press that his accomplishments in 2004 included the regularization of foreign workers by giving them work certificates and training 150,000 workers. His goal for 2005 would be to train 220,000 more.

#### Child Labor Update

18. According to Izurieta, the Ministry of Labor had requested a study from the National Statistics and Census Institute (INEC) to determine the number of child workers in the country. INEC recently concluded its study and determined there were 302,000 child workers in the country, 77% percent of whom worked for their families. The MOL also held two workshops (in Guayaquil and Cuenca) to train the monitors of child labor inspectors, and will hold another workshop in Quito this month. The monitors are primarily union and NGO representatives, who visit inspection sites with the inspectors to ensure transparency.

#### Children in Trash Sector

19. A study by the International Labor Organization (ILO) conducted in Ecuador's 20 largest cities found that Quito has the highest rate of children working in the trash rummaging sector. Currently 362 children between ages 5-17 work in the trash sector in Quito. In 2002, a similar study found 500 children working in 12 of the 20 largest cities. In 2004, 440 minors were found working in the trash sector in Santo Domingo de los Colorados, Duran, Manta, and Quito. The ILO categorizes this work as a worst form of child labor; these children are at risk of coming into contact with toxic gases generated by decomposition, as well as cuts on sharp objects, and contact with hospital waste. Children in the trash sector are four times as likely to suffer accidents as children who do not work. According to the ILO study, children in the trash recycling sector on average contribute 17% of their families' income and are three years behind in their schooling.

10. In August, the Action and Development Foundation (DYA) and the Municipality of La Bota, a northern suburb of Quito, launched a school reinsertion program for these child laborers. The Quito Municipality has also created a committee to address the health and educational needs of these children. Finally, the National Child and Family Institute (INNFA) is providing scholarships to 16 of the 48 children in La Bota's trash sector.

11. Press reported that on December 28, four children between the ages of 11 and 13 working in the city of Riobamba's trash sector were buried and suffocated by the waste deposited by a garbage collector during the night. According to press, 8,193 children and adolescents in the city of Riobamba and surrounding area work and do not attend school.

#### Flower Workers Seek Industry Union

12. Olga Tuttillo and Vincente Colla, former flower workers met with LabOff on December 29 to describe labor rights abuses in the flower sector. Tuttillo has been invited by the International Labor Rights Fund to visit the U.S. on speaking tour on work conditions in Ecuador's flower industry. After seven months of not being paid, they reported, the workers of Rosas del Ecuador, who belonged to a company union (part of the CEOSL confederation), went on a legal strike on October 6, 2003. The company, which had been suffering financial difficulties, closed the same day. The workers have filed a complaint with the Ministry of Labor to receive back pay for those seven months and are still awaiting a decision. Tuttillo said that of approximately 380 flower companies in the Cayambe (north of Quito) area, only two companies currently had unions: Jardines de Cayambe and Florequisa. Other companies fire workers as soon as they attempt to form a union. She believes flower companies share a database of blacklisted union workers.

13. To counter these abuses of worker rights, Tuttillo said the striking flower workers will again request approval from the MOL to form an industry union, even though they have already been denied three times. Rodrigo Calderon, Director General of the Ministry of Labor told LabOff that the reason the MOL denied these workers' earlier petitions was because the applicants were no longer employed. To form an industrial union, workers must be working for a company that the union could be registered with. Tuttillo said flower

workers were planning a trip to Colombia to meet with their counterparts who successfully formed a nationwide industry union two years ago.

KENNEY